

In the Matter of Impasse Arbitration Between

Black Hawk County

And

Public, Professional and Maintenance

Employees, Local 2003, Unit 1

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PUBLIC EMPLOYMENT
RELATIONS BOARD

Hearing:

February 25, 2003
Waterloo, Iowa

Appearances:

For the Employer,

Thomas A. Pounds, Human Resources Director, Waterloo, Iowa

For the Union:

Joe Rasmussen, Business Agent, Public, Professional and Maintenance
Employees, Local 2003, IBPAT, Alburnet, Iowa

Before:

Charles E. Clark, Impartial Arbitrator

Authority:

This matter arose out of negotiations in accord with provisions of the Iowa Public Employment Relations Act, chapter 20, 1999 Code of Iowa (the Act). The Parties have not agreed upon two subjects in their collective bargaining agreement. In accordance with negotiated impasse procedures, the arbitrator was selected from a list provided by the Iowa Public Employment Relations Board (PERB) to conduct a hearing and issue a binding impasse arbitration award on the matters in dispute. The Parties waived Fact Finding, in favor of proceeding immediately to arbitration, and to invest in the undersigned arbitrator the power to issue a binding decision and award under Section 22 of the Act.

Both Parties and their respective witnesses appeared and had full and fair opportunity to present evidence and arguments in support of their respective positions. The hearing was recorded in accordance with PERB regulations.

There are eight separate bargaining units in Black Hawk County, of which this Union is the exclusive bargaining agent for three units, AFSCME also represents three units, and two units are represented by the Teamsters. Unit 1 is a support Unit, made up of white-collar, non-professional and clerical workers in the County Courthouse and others stationed throughout the county - what is often referred to as a "court-house" unit. (U. Ex. 2) Seven of these units have contracts currently open for negotiations this year, and there were no voluntary settlements or arbitral awards at the time of hearing this matter.

ISSUES:

Wages Insurance

I.

FINAL OFFERS OF THE PARTIES

Black Hawk County (Employer) WAGES

2.5 % across-the-board wage increase, effective the first day of the pay period that includes July 1, 2003, plus step increases for those eligible. (J. Ex. 1)

INSURANCE

Effective July 1, 2003, employees electing single coverage shall contribute twenty dollars (\$20) and employees electing dependent coverage shall contribute fifty dollars (\$50) toward the cost of the monthly premium.

Change Prescription Drugs under the Preferred Provider Plan to:

80% - 20% co-payment (generic and brand names, if no no generic or formulary available)

79% - 30% (formulary name, if generic available)

69% - 40% (brand name, if generic or formulary available)

A 90-day mail order pharmacy prescription the co-pay shall be as above, except that the employees shall pay the above co-payments for the first sixty (60) days, and no co-payment for the last thirty (30) days.

No other changes in health insurance except for the above. (J. Ex. 1)

P P M E Local 2003 Unit 1 (Union)
WAGES

Three percent (3%) across-the-board increase in hourly wage rates effective July 1, 2003, plus regular step increases for eligible employees during Fiscal Year 2004. (U. Ex. 1)

INSURANCE

Double the employees' monthly premium contribution. Add a formulary drug co-pay to the current prescription drug plan half-way between the current generic and brand name. Add a 90- day mail-order provision to the current prescription drug plan with no co-pay for the last 30 days. No change in current deductibles or out-of-pocket maximums, and the aggregate use of drug co-pay as part of the current out-of-pocket maximum. (J. Ex. 5)

II.

BACKGROUND, FACTS AND DISCUSSION

Both Parties introduced substantial documentation of facts relied upon to meet the statutory criteria, as well as direct, rebuttal, and sur-rebuttal testimony and argument, in support of their respective positions. Parties agreed that both issues were exclusively economic in character, and that Union should come forward with its evidence and arguments upon both issues, and that the Employer then should follow the same practice.

Union emphasized that the Iowa Public Employment Relations Act was designed to implement "the public policy of the state to promote harmonious and cooperative relationships between government and its employees" (Iowa Code, Chp. 20), and that the thrust of the Act was to encourage representatives of Management and Labor to settle upon the standards defining features of their relationship voluntarily. This Union has represented employees in Unit 1 since 1975, and Black Hawk County and Unit 1 previously have been successful in negotiating their agreements voluntarily. The Union representative has served in that capacity since 1986, and has never before had to resort to Fact-Finding or Arbitration to reach an agreement. This Impasse Arbitration is an aberration and an anomaly. The County's representative concurred, noting that arbitrations had never been required for the "courthouse group" - made up of clerical and para-professional employees - in the 18 years of his responsibility in contract negotiations.

Union submitted its initial proposals and received County's response of September, 2002. The Parties engaged in bargaining sessions in October and November, and a partial tentative Agreement, covering six articles was concluded by the Parties on November 21, 2002, and forwarded to PERB. (J. Ex. 2) Both Parties had introduced proposals on other subjects, in addition to Wages and Insurance, and these were withdrawn. A mediation was held on January 6,

2003, and the Parties' bargaining teams reached a tentative agreement on the Mediators's suggestions, with both Parties withdrawing a number of proposals. The employees had voted to accept this agreement. (U. Ex. 2) However, the Board of Supervisors of the County rejected this agreement, and the Parties moved the Impasse immediately to arbitration.

Unlike the Parties' current contract, in force from July, 2000 through June 30, 2003, {J. Ex. 1}, the proposed Contract with two subjects at impasse here, is for one year.

The Union's data for external comparisons is drawn from the same group of counties selected as comparable in Parties' 1997 negotiations. They include the ten largest counties in the State of Iowa (U. Ex. 4), and within that group identified those in the eastern section of the state (U. Ex. 5), is shows, together with 2003 Wage Increase figures (U. Ex.13), Employee's Monthly Co-pays (U. Ex. 20), and County Property Valuations, rounded to billions (E. Ex. 4) are shown below:

County	Population	Rank	2003-Increase	Employee Co-pays		1/1/03 Valuations (\$ billions)
				Single	Family	
Linn	191,701	2	Fact-Finder 3.25% Not accepted	\$5	\$12.50	\$6.659
Scott	158,668	3	3.5% * 0	71.57 PPO 108.55 HMO		5.130
BLACK HAWK	128,012	4	Arbitration	5	12.50	3.213
Johnson	111,006	5	Fact-Finding March 21	0	0	3.677
Dubuque	89,143	7	Open	0	0	2.636
Clinton	50,149	10	3.9% settlement	0	0	Omitted
Polk	374,601	1	3.5%	0	83.50	12.259
Woodbury	103,877	6	3.5%	0	0	2.774
Pottawattamie	87,704	8	Open	\$100		2.807
Story	79,981	9	NA	*	*	Omitted

* Story County pays each employee \$500 per month, which employee can keep or spend on any of four ISAC policy options. Most employees take the cash and do not get insurance coverage through the county.

Insurance co-pays average \$3.88 \$38.86
(Data combined from Union Exhibits 4, 5, 13, 20 and Employer's Exhibit 4)

The Employers' data for external comparisons (E. Ex. 4) coincides with Union's list of counties, except that it lists only eight, omitting Clinton and Story counties, as noted above.

The chart includes the ten largest counties in Iowa, but the Union stated it preferred to consider only the six in eastern Iowa, Linn, Scott, Black Hawk, Johnson, Dubuque and Clinton. The Employer, in negotiations for the prior contract, omitted Johnson and Clinton; instead

preferring to include Polk, Woodbury and Pottawatomie. Neither side had proposed to use Story county, which is ninth largest, but is located in central Iowa, and lacks some bargaining units that the other counties have. Two-thirds of the population lives in the eastern one-third of the state, and Polk and Woodbury are located in the western one-third of the state, and too remote to be comparable.

Comparability is difficult, however, because of the variation of jobs in the "courthouse group" from one county to another. Everyone arranges the work to be done according to their own plan, so while some may be doing basically the same work, it is hard to review a collective bargaining agreement and conclude that some job in one county is really the same as another with a different title in another county. Nevertheless, Union believes the best group is that comprising the six identified counties in eastern Iowa. (U. Ex. 5) Polk, Woodbury, Pottawatomie and Story are in the top ten, but properly should be considered as a secondary group, if considered. Neither Party would include Story, which is listed only because it is within the top ten in population, and Union objects to inclusion of Polk, Woodbury and Pottawattamie.

Polk is the largest county in Iowa, but has so much larger a population than any other county, that Union does not believe it properly can be compared to the other counties, because of the difficulty of comparisons. Polk includes the state capital, in the city of Des Moines.

There were no voluntary settlements in any of the seven units open for bargaining this year, at the time of hearing this matter. All seven units had been scheduled for hearings, but no decisions had been made respecting other units. (U. Ex. 2) Comparisons cannot be made with other bargaining units within the county.

Financial Base of Comparable Counties

County	2000 Actual Retail Sales (\$ millions)	2000 Personal Income (\$ 000)	Net Taxable FY01 Valuation (\$ millions)
Linn	\$2,619,355	\$ 6,088,502	\$ 6,470,251
Scott	1,010,044	4,377,098	3,035,159
BLACK HAWK	1,321,118	3,116,285	3,101,236
Johnson	1,202,338	3,275,518	3,611,281
Dubuque	923,935	2,287,025	2,454,953
Clinton	361,945	1,227,098	1,554,884
Polk	6,061,141	12,166,573	12,096,070
Woodbury	1,130,619	2,673,895	2,903,687
Pottawattamie	822,906	2,151,850	2,695,201
Story	723,039	2,092,680	2,408,897

(U. Ex. 4)

Union Exhibit 6 is a bargaining unit analysis, showing the various job classifications and pay matrix, the six steps in each grade, and the number of employees in the same step and grade. Employees whose job satisfactory for one year receive a step increase, until they reach the top step. The exhibit also shows the number of employees in each job classification, and whether part-time or full time. It also reflects that two full-time Mail Clerk Specialists were laid off in January, 2003. Similarly, the Clerk-Stenographer position is not filled at this time. Thirty-seven (37) employees are in various steps, and fifty-one (51) are presently at the top of their respective grades. This is indicative of a stable work-force, a highly desirable situation for management.

Union Exhibit 7 is the Seniority List, which shows that the most senior employee's date of hire is February 25, 1969. Fifteen more have seniority dates in the 1970s, and 32% of the employees in Unit 1 have over twenty (20) years seniority..

Union Exhibit 8 noted that Black Hawk County has two major industrial employers, John Deere and Iowa Beef Processors, and is positioned within the rapidly developing (Interstate) "380 Corridor," linking it to Linn and Johnson Counties, as well as Dubuque, via (US) Route 20. The University of Northern Iowa, a state funded institution, is located in Cedar Falls in the Waterloo-Cedar Falls metropolitan region, as well as an area community college. All of these factors are reflected positively in the County's budget figures.

<u>Fiscal Year</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Reserve Carryover</u>
1996	\$ 59,132,031	\$ 59,022,647	\$ 25,059,638
2001	\$ 55,636,125	\$ 57,340,647	\$ 15,005,292
2002	\$ 66,292,231	\$ 67,645,184	\$ 13,722,250

These figures show the county has surplus funds carried over into this fiscal year which are twenty percent (20%) of total expenditures. Anything exceeding 25% of expenditures would be excessive under state standards. Black Hawk County is maintaining a healthy balance without gouging its taxpayers. (U, Ex. 9)

Increases in property valuation together with the end of tax revenue limitations of the Iowa State law have allowed the county to increase its expenditures, maintain a healthy budget surplus, and control property tax levies as shown below.

<u>Property Tax Levies Per \$1,000</u> <u>Taxable Valuation Collected in</u>	<u>Fiscal</u> <u>2001:</u>	<u>Fiscal</u> <u>2002</u>	<u>Fiscal</u> <u>2003</u>
-----	-----	-----	-----
General Basic Levy	3.50000	3.50000	3.50000
Rural Basic Levy	0.00000	0.00000	0.00000
General Supplemental Levy	1.35469	1.82430	1.71276
Rural Service Supplemental	0.00000	0.00000	0.00000
Debt Service Levy	0.53875	0.47949	0.60721

Black Hawk County has been operating with no Rural Basic Levy and no Rural Service Levy at all.

There is no inability to pay in this case. Employer did not make such a claim during bargaining and none can supported at this hearing.

The County operates with a healthy budget surplus and in some cases is not even levying taxes that are permitted.

The County closed its Mail room operation in January. This action caused the layoff of two full-time employees and a reduction in this bargaining unit/s payroll cost of \$48,500, and health care insurance cost of \$13,000. More layoffs are planned by the employer for Fiscal Year 22004. These reductions of current cost increases the Employer's ability to pay the Union's wage and insurance proposals.(U, EX. 10)

Both Parties proposed that employees eligible for a step increase receive the wage rate change when eligible. Because of past experience, Parties mutually agree to avoid difficulties which result from upsetting the wage matrix and movement in the matrix. Parties also agree that the cost of steps for current employees will not exceed for FY 2004.

Step increases occur at various times within a year, as eligible employees reach their own seniority dates for performance evaluations supporting annual step increases. Thus the costs of step increases are spread over the year and vary year -to-year with changes in numbers of employees eligible. The Parties agree that costs of steps for current employees will not exceed 1.7% for FY 2004. If layoffs announced are executed in FY 2004 costs of steps dramatically will be further reduced because it is the least senior employees who will be laid off -- it is those junior employees who would otherwise be eligible.

The difference between the Parties now has been reduced to that between Union's 3 % and Employer's 2.5%. Union's position is affordable and is fully supported by the bargaining history of this unit, wage increases in the comparability group, and reasonableness of the total economic package. Union Exhibit 11 reflects the Unit 1 history of wage increases from 1991 through 2003, all of which, of course, were voluntary settlements. In five of these years the wage increase exceeded 3%, in one it was 2.5%, another 2.75%, and five were 3%.

Union Exhibit 11 details Unit 1 wage increase history for fiscal years 1991 through 2003, all of which were voluntary settlements. During the 1980's Union had agreed to freeze some steps, and in 1991 the Parties were still adjusting the problems which resulted. The Parties went to half steps for a period and finally eliminated half-steps, returning to whole steps throughout the matrix. One whole step was added to the matrix, with all employees receiving a 5% step increase on July 1, 1991. This was the first year of a three-year contract: employees received a 3 % increase plus steps on July 1, 1992, and a 4 % plus steps increase July 1, 1993. Parties agreed upon a two-year contract, with a 3.5 % plus steps increase July 1, 1994, and 4% plus steps increase July 1, 1995. Parties next agreed upon another two-year contract, with a 2.5 % plus

steps increase July 1, 1996, and a 3 % increase plus steps July 1, 1997.

Next, the Parties reached a tentative agreement for a three-year contract. However the Board of Supervisors unilaterally took out some job classifications and pay-grade changes. The Union agreed to accept these changes, provided that Employer agree to establish an interest-based bargaining committee to study the wage and job classification structure and to make recommendations for changes to bring it up to date. This was done. The wage rate increases under this contract were: 3.5 % plus steps in FY 98, 3 % plus steps in FY 99, and 2.75 % plus steps in FY 00.

The interest-based bargaining committee met 14 times to study and evaluate the job structure and wages, and made recommendations, which were adopted in December 1999. Thus, the next contract, also for three years, involved a restructuring of job classifications. All pay grades were increased by 1 pay grade level, adding a 5 % step to each pay grade. It also added 3 % plus steps for wages in FY 01, and provided additional increases of 3 % plus steps in FY 02 and 3 % plus steps in FY 03.

Union Exhibit 12 compares the wages for selected job categories in the External Comparability Group (U. Ex. 3 & 4, above). Using only the Eastern Iowa counties for the Motor Vehicle jobs, which vehicular registration and license issue and distribution and, therefore, identical in all counties, the chart reflects that, but for Clinton, which lacks an industrial base similar to Black Hawk's. Black Hawk has the lowest entry and top wage rates of any of these six counties. The same pattern is reflected if the counties suggested the Employer are considered. An excerpt from this exhibit illustrates its thrust: The "380 corridor" is one of the three major growth areas in Iowa, the others being "Quad Cities," and the State Capitol; two of these growth areas are in Eastern Iowa.

July, 2003 Comparability Group Wage Increase	
County	Across-the-Board Increase
Linn	Fact-finder: 3.25 %, not accepted
Scott	3.5 %
Black Hawk	This Arbitration
Johnson	Fact-finding March 21
Dubuque	Open
Polk	3.5 %
Woodbury	3.5 %
Pottawattamie	Open
Story	N/A

2003 Wage Settlement Trend			
Benton Roads	3.5%	Marion Police	3 %
Jones County	3 %	Delaware Roads	3.75 %

Lee County Courthouse	3.5 %	Delaware Sheriff	3.75 %
Appanoose Roads	3.5 %	Shelby Roads	3.5 %
Van Buren Roads	3.4 %	Shelby Dispatch	3.4 %
Clinton Roads	3.2 %	Shelby Sheriff	3.5 %
Clinton Communications	3.2 %	Howard-Winn CSD	4.5 % (foods)
Clinton Sheriff	3.2 %	Howard-Winn CSD	4. % (bus)
Ames Police	3.5 %	Sgt Bluff Public Wks	4.5 %
Grinnell Public Works	3.5 %	Woodward city ee's	4 %
Davenport Transit	3.5 %	Waukeee city ee's	5.5 %
Dubuque Food Service	3.7 %	Waverly Police	3.7 %

(U. Ex. 14)

Planned Staff Reductions for Next Fiscal Year

(1.0 = 1 full-time equivalent)

Bargaining Unit Layoff

1.0 Office Specialist
1.0 Office Specialist
1.0 Account Technician
1.0 Office Associate
1.0 Intake Officer

Hours Reduction

Volunteer Coordinator .10 reduced
Academic Instructor .10 reduced

Payroll and Insurance Reductions of Current Cost from This Bargaining Unit Totals \$
169,532.84

(U. Ex. 15)

Union Exhibit 16 is a copy of the Consumer Price Index Summary January 16, 2003. It reflects a December decline of 0.2 % in both categories, but an increase in the annual figures from December 2002:

All Urban Consumers 2.4 % higher than December, 2002;
Urban Wage earners & Clerical Workers 2.4 % higher than December, 2002

Union Exhibit 17 is a photocopy of a Gazette news article dated February 11, 2003, headed "Gas, Heating Oil Prices Soar." It reports an increase of 20 % in heating oil prices as well as natural gas prices - over the prices of the preceding week, under a Washington AP dateline. Frigid weather, the political unrest in Venezuela and worries about the risks of war are identified as the contributing causes.

Turning to the impasse in Insurance, Union supported its final offer with Exhibits as follow:

Union Exhibit 18 traces the bargaining history of the Parties on insurance over the same

time period -- FY 91 through FY 03 -- as that of wages. There was no change in the fully paid single /family health insurance under a self-funded comprehensive major medical plan, except to expand dental coverage in the three-year contract for FY 91, 92, and 93. Alliance Select network restriction was added to the plan in FY 94, and the out-of-pocket maximum (OOPM) was increased from \$400 single/\$800 family to \$500 Single/\$1,000 family.

Families began paying \$ 5 per month for coverage in FY 95.

In FY 96 the \$5 per month charge for coverage of families was eliminated, and coverage was changed to a PPO/non-PPO network with higher deductibles OOPM's and lower co-insurance for non-PPO care. The PPO deductible was increased to single \$125/\$250 family. An office visit co-pay of \$10 was added, not applied to deductible or OOPM. (Longevity pay of \$10 increased to coincide with this co-pay). An 80 % - 20 % co-pay for drugs was added.

In FY 97 PPO coinsurance was increased for 80 % - 20 % to 85 % - 15 %, increased the non-PPO deductible and OOPM 's and lowered the non-PPO coinsurance from 70 % - 30 % to 65 % - 35 %.

In FY 98 the employees began paying \$ 10 per month for single and family coverage, and longevity pay was increased \$ 10 to coincide with this co-pay. The non-PPO was lowered from 65 % - 35 % to 60 % - 40 %, and new hires were excluded from coverage until they had completed their probationary period.

FY 99 & 00: No changes in the second and third years of this contract.

In FY 01 employee contribution for singles was lowered to \$ 5.00 per month and increased for family coverage to \$12.50. PPO deductibles were increased from \$ 125 single and \$ 250 family to 4 250 single and \$500 for family. PPO OOPM was increased from \$ 500 single and \$1,000 family to \$ 750 single and \$1,500 family. There was a double increase of non-PPO deductibles from 399/600 to 600/1,200; non-PPO OOPM was increased from \$1,200 single and \$ 2,400 family to \$ 1,500 single and \$ 3,000 family. A new prescription drug network was added with no deductible or OOPM, but a 20 % co-pay for generic and 40 % for brand name drugs.

FY 02 & 03 saw no changes in the second and third years of the contract.

The two (2) pages of Union Exhibit 19 follow as pp. 10a and 10b.

Monthly Employee Premium Payments
Within the Comparability Group

County	Single Premium	Family Premium
Linn	\$ 5	\$ 12.50
Scott	0	PPO \$ 71.57

FISCAL YEAR 2003
COMPARABLE

COUNTY	INSURANCE PROVISIONS										OUT-OF-POCKET MAXIMUM		
	SINGLE	E	EE		FAMILY	E	PAYS		PAYS	EE	DEDUCTIBLE		FAMILY
			TOTAL	PAYS			TOTAL	PAYS			SINGLE	FAMILY	
BLACK HAWK	344		339		5	846.5	834	12.50 PPO	250	500	750	1500	85/15 - In
Drugs								\$10 office visits	0	0			60/40-Out
DUBUQU	475.92	475.92			0	1,059.08	1,059.08	0 10% co-pay	0	0	1500	1500	
BC/BS	BC/BS	Drugs											
HMO	353.11	353.11			0	875.78	875.78	0	0	0			
HMO	393.28	393.28			0	920.81	920.81	0	0	0	0	0	
JOHNSON	278.44	278.44			0	762.74	762.74	0	100	100	500	500	
LINN	265	260			5	583.50	571	12.50 reimb100	reimb200		500	1000	90/10-In
													80/20-Out
SCOTT	311.42	311.42			0	854.85	746.30	108.55	0	0	1000	1000	
HMO								\$15 office call copay					
PPO	298.76	298.76			0	746.23	748.53	71.57	0	0	1000	1000	
								\$10 office call copay			100 inpatient copay		
											50 outpatient copay		
CLINTON	700	700			0	700	700	0	200	400	400	800	85/15-In
													75/25-Out
Drugs									0	0	100	200	
* includes dental premiums													

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FISCAL YEAR 2003
COMPARABLE

COUNTY	INSURANCE PROVISIONS									
	SINGLE		E		EE		FAMILY		EE	
	TOTAL	PAYS	TOTAL	PAYS	TOTAL	PAYS	TOTAL	PAYS	TOTAL	PAYS
POLK	234.20	234.20	0	651.68	651.68	83.50	0	0	500	1000
WOODBURY	272	272	0	644	644	0	100	200	500	1000
	Drugs - same deductible, included as part of medical deductible									
POTTAWATTAMIE										
PPO	315.85	290.85	25	694.88	594.88	100	20% eligible charges	500	1000	
HMO	293.1	268.1	25	644.85	544.85	100	\$10 office co-pay	1500	3000	
STORY		500			500		\$10 office co-pay			
	Employer pays each employee \$ 500 per month which employee can take as cash or use for anyone of four									
	ISAC policies offered. Most employees take the cash and no insurance coverage through the employer.									
	Note: Story County includes Iowa State University with employees eligible for State of Iowa insurance.									

		HMO \$ 108.55
Black Hawk	\$ 5	\$ 12.50
Johnson	0	0
Dubuque	0	0
Clinton	0	0
<hr/>		
Polk	0	\$83.50
Woodbury	0	0
Pottawattamie	\$ 25	\$ 100
Story	(County pays each employee \$500 per month, which each employee can keep or spend On any of four ISAC policy options. Most employees take the cash and do not get insurance coverage through the county.	
AVERAGE	\$ 3.88	\$ 38.86 (Union Ex. 20)

Union Exhibit 21 presents a comparison of the impact of the opposing monthly premium proposals. It was prepared using the Average Weekly Wage Rate of \$13.28, and Average Annual Income of \$ 27,622.40 (2080 hours), for 22 single and 56 family policies.

The impact of the Union Proposal is 5.3 cents per hour, or 0.4 % cost to employees.
The impact of the Employer Proposal is 16 cents per hour, or 1.2 % cost to employees.
As for the impact upon the individual employee, the:

Union Proposal cost is an additional \$ 150 - or 0.5 % of average annual income;
Employer Proposal cost is an additional \$ 450 - or 1.6 % of average annual income.

Union's proposal on insurance is closer to the current employee contributions average of \$3.88 single and \$38.86 family in the comparability group than the Employer's proposal.

Union's proposal to increase employee's co-pay deducts almost one-half of one percent (.4%) from the employee's economic package, whereas the Employer's proposal would deduct one and two-tenths percent (1.2%) from the employee's economic package. Union/s proposal is more reasonable in its impact on these employees.

Comparing expenses to contributions to the insurance fund shows that Unit 1 has a positive balance over the last five years, even though included employees are not among the highest paid employees. It is the wrong bargaining unit from which to seek greater monthly contributions.

Employer has announced several employees will be laid off, but the layoff of only one employee would reduce personnel costs to match the 1.2 % increase in co-pay. Employer Exhibit 19 Identified these employees as one full-time Office Specialist in the Auditor's Office, one full-time Account Technician and one full-time Office Specialist in the Treasurer's Office, and one full-time Office Associate in the Recorder's Office, together with reductions in hours at Country View for one part-time Volunteer Coordinator and one part-time Volunteer Academic Instructor. Union regrets layoffs, but would prefer such layoff against forcing such costs upon all employees, particularly as such contributions greatly exceed those of employees in comparable counties.

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THIS BARGAINING UNIT'S REVENUE - EXPENSE HISTORY

Fiscal Year	Claims & Admin. Expense	Employer & Employee Contributions	Difference
FY98	\$ 284,471.62 Nursing Unit (-173,195) Emrgy Mgt (-45,348)	\$ 323,339.50 Health Unit (-117,032) 4 other units also in deficit	+ 38,867.88
FY 99	\$ 406,354.19 Nursing Unit (-129,893) Sheriff Unit (-49,024) Mgt unit (-104,108) 3 other units also in deficit	\$ 338,154.50 Roads Unit (-32,360) Health Unit (-134,858) Assessor unit (-116,199)	- 68,199.69
FY00	\$ 372,076.22 Nursing unit (-267,361) Mgt unit (-227,815)	\$ 354,634.00 Health unit (-185,957) 4 other units also in deficit	- 17,442.22
FY01	\$ 368,445.93 Nursing unit (-125,680) Retirees unit (-33,096)	\$ 427,102.49 Health unit (-169,903) Extension Serv (-6,266)	+58,656.56
FY02	\$ 437,173.21 Nursing unit (-249,863) Roads unit (-24,131) Mgt unit (-20,098) 1 other unit also in deficit	\$ 456,900.24 Maintenance unit (-70,574) Health unit (-36,042) Retirees unit (-75,883)	+ 19,727.03

THIS BARGAINING UNIT OVER THE LAST FIVE YEARS HAS A TOTAL
POSITIVE BALANCE OF \$ 31,609.56.

The Health Unit is not open for bargaining this year, and will not have its current
\$5 and \$12.50 employee monthly contributions changed.

Ability-to-pay varies from bargaining unit to bargaining unit:

Top pay for Office Associates is \$12.24 and Office Specialists is \$13.52.

Secondary Roads labor/equipment operators range from \$15.57 to \$16.80.

Sheriff Deputies top pay is \$20.16.

Assistant County Attorney bargaining unit top pay is \$33.06.

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Union is already offering to increase employees prescription drug cost per Employer's proposal. That cost-saving should here be taken into account.

In January, 2003, the Board of Supervisors raised its own premium contributions to cover its under-funded insurance reserve. Now it plans to reduce its monthly premiums in July, 2003, by \$28 for single and \$61 family. That reduction exceeds Employer's proposed increases in employee's monthly co-pay (\$15 single, \$37.50 family). If the Employer is reducing its own premium costs, why increase the employee's?

Union has worked cooperatively over the years to help Employer control insurance costs, by shifting more and more costs and liability to employees. The County Board of Supervisors has mismanaged its own self-funded program by consistently under funding it. Now the Employer wants employees to pay for its bad decisions. That sends the wrong message to all public employers.

There is a long history of voluntary settlements in this employment relationship. That should not be set aside by the arbitrator. Insurance changes should be negotiated. The board of Supervisors rejected the cooperative approach favored by both bargaining teams. Instead, the Board forced this arbitration case. The intent of Chapter 20 was to foster cooperative relationships between employees and management. This Board has rejected that approach, and should not be rewarded by the arbitrator with award of its insurance proposal which is the least reasonable of the choices before the arbitrator. To do so would set aside this long bargaining history and do irreparable damage to the collective bargaining relationship. This same direction was followed in the only Neutral's decision issued to date in the Linn County case (U. Ex. 23). We urge this arbitrator also to find that the bargaining table, not the arbitration hearing, is the proper place to change a major economic benefit of the employees.

Union Exhibit 24 is an undated Waterloo (AP) news-clip reporting that Black Hawk County and nine of its will share in the distribution of \$ 2 million dollars from the county's Solid Waste Management Commission, the return on an investment made by the recipients 20 years ago. The Commission plans to return \$ 2.5 million per year in profits and reserves to the 10 recipients each year for the next 15 years.

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The County's representative summarized the Employer's Introduction, dated February 25, 2003. Black Hawk is the fourth largest county in Iowa, and has 740 employees in 18 departments, with almost 600 covered by collective bargaining agreements. The Health Department has the only contract in its final year, the other seven union contracts are open, which were still open on the above date. Two arbitration hearings were heard in the past two weeks, with Building Cleaners, and with Nursing. "This (hearing) is a very rare and almost unique experience." But while the Union referred to Black Hawk as a healthy county, "the County has a much different view. Unfortunately, the County sees a sick patient that needs care. It's not a healthy situation at all."

The County is aware that Wages and Health Insurance are core issues for every single

employee. County's final offer on Wages is most reasonable because Unit 1 employees will receive a pay increase of 2.5 % across-the-board, plus 5 % annual in-grade step increments in FY 04. County's final offer on Health Insurance is most reasonable because Unit 1 employees will continue to be offered the comprehensive Health Insurance program for \$20 a month single or \$ 50 a month family. While the final offer monthly insurance rates present an added cost to employees, the employees' portions of the new monthly insurance rates are still dwarfed by the increase in the County's portion of the new insurance rates.

Black Hawk is the fourth largest county, but when current revenues are considered, along with other budget problems, the County ends up as number nine in new taxable income. It barely exceeds the tenth in growth of new money (E. Ex. 16) This is critical because Wages - one issue here - must be paid out of the General Basic Fund, under state law. That fund has reserves that are nearly depleted. When the general economy was strong and there was taxable growth in the 1990's, County had nearly 30% of its General Basic Fund were in reserves (E. Ex. 17) Today, and for next year, reserves are down to 1.9 %, with about 440 thousand dollars left in reserve fund. That, and about 160 thousand new revenue. That is key, because - with a few exceptions - all wages in all contracts must be paid out of that fund.

In addition, the County has one of the largest jails in the state. There has been economic growth in Corrections in this area, and Corrections is an expensive activity. During the 1990s the County, although capped on taxes, could use reserve funds to pay wages, and insurance, while at the same time gaining revenue from the new jail by housing prisoners from federal government and other counties that were over-crowded. Now, however, the jail is crowded and what was a source of revenue is now an expense. This year the County has had to ship jail residents to other counties, and pay rent.

The poor national economy also has hit the County hard. Unfortunately, interest rates were very low this past year, and the interest on revenue collections, as short-term investments, which had been used, along with jail revenue, to pay wages, because of caps on taxes, will result in a projected loss of non-taxable revenues of over 700 thousand dollars next year. That 700 thousand dollar loss, against that 160 thousand dollar gain in taxes, results in a 540 thousand dollar loss for the County in the General Fund for Wages. The County is hard-pressed to meet increases in wages.

Technically, the County is not pleading inability to pay, as Union contends. There is 440 thousand - enough money in reserve to pay a wage increase in any one of the seven bargaining units. To adjust for that. However, the County is freezing all departments' budgets for FY 2004, and freezing wages for all non-Union employees for FY 2004, as well as laying off and eliminating positions for FY 2004, because of that General Fund limitation. The County must stay within that limit and needs to keep a small reserve fund.

The reserve that was 31 % in 1997 is down to about 2 % now, and the money isn't there to cover all the wage increases in all the contracts.

In addition, County, like other employers, is confronted with large Insurance premium increases. Once the cap on General Fund is met, insurance costs can be paid out of General Supplemental Fund. However, as reserves had dropped over the past few years, the County - several years ago - has transferred the last of its health insurance expenses into that General Supplemental. That's where the tax increase will come for next year, to cover what the county is facing in large increases in expenses for health insurance.

There are two parts to the increase. First, as the county is self-insured, it must be funded at a minimum level. Unfortunately, the county has not always done that, but has held down taxes for the General Supplemental. At times, it was not funded properly. It took the projections as they thought they were coming in and funded in accord with minimum projections. Over the years that created difficulties, and the county has had to raise its insurance reserves.

Insurance trends are often overlooked in the insurance equation. The situation here is the same as in many large counties this year, and that's why there are so many of these insurance impasses in arbitration. While the rate of inflation in cost of living has been at 2 1/4 % for the past twelve months, except for the 0.7 % spike in January for heating expenses, the costs of health insurance have been rising at 15 % to 20 %. Those are the dimensions of the health insurance costs problem the county is facing next year. That's one reason the county's proposal to increase the employee's contribution is the most reasonable final offer.

Employees will still pay an extremely small percentage of the insurance increase. They'll be buying single insurance for \$20 a month, or \$50 a month for family. County's insurance is a comprehensive insurance plan. Given the cost increases the county is facing, the county's final offer on insurance is still the most reasonable.

Consideration of the County's revenue losses and budgetary constraints, the low General Price Index and double-digit medical costs inflation, and the burden these items place upon our local property tax payers, supports selection of County's Final Offers on wages and Insurance Examination and study of the evidence presented regarding the county's budget problems as they relate to wages and the increased costs of health insurance relevant to its insurance proposals, will confirm that its final offers on both Wages and Insurance are the most reasonable.

Employer Exhibit 6 is a chart showing the current demographics of the 88 employees (85 full-time and 3 part-time) in Unit 1, in each category by number of employees in each position, and the average hourly rate of employees in each position. It also shows an average hourly rate of \$13.28 for Unit 1 employees. Actual wage placement of employees by Step in each Position is shown on Employer Exhibit 7, which follows as p. 14a.

Employer's Exhibit 8 is a chart covering all County employees, by Bargaining Unit, covering A-T-B history over fifteen fiscal years, including FY 04. Employer Exhibit 9 is a copy of U.S. Labor Dept Consumer Price Index Summary for January 6, 2003. Employer Exhibit 10 is a chart of Wage Settlement Proposals of both Parties here for all eight Units represented by

**JOB CLASSIFICATION
And STEP PLACEMENT
UNIT 1, CLERICAL EMPLOYEES
July 1, 2003**

Pay Grade/ Job Class	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
GS-6	\$9.58	\$10.06	\$10.57	\$11.10	\$11.66	\$12.25
Office Associate	1		5	4	3	7
GS-7	\$10.06	\$10.57	\$11.10	\$11.66	\$12.25	\$12.87
Account Technician		1		2	1	10
Microfilm Technician					1	
GS-8	\$10.57	\$11.10	\$11.66	\$12.25	\$12.87	13.52
Office Specialist			4	1	2	12
Med Records Clerk					1	1
GS-9	\$11.10	\$11.66	\$12.25	\$12.87	13.52	\$14.20
Account Specialist				2		6
GS-10	\$11.66	\$12.25	\$12.87	13.52	\$14.20	\$14.91
Admin Aide I					1	
Tax Process Server						1
GS-11	\$12.25	\$12.87	13.52	\$14.20	\$14.91	\$15.66
Academic Instructor		1				
Intake Officer						4
Map Maintenance Tech					1	1
Paralegal						2
Volunteer Coordinator						1
Finance Specialist					3	
GS-13	\$13.52	\$14.20	\$14.91	\$15.66	\$16.45	\$17.28
Child Support Recovery Officer			1		1	4
GS-14	\$14.20	\$14.91	\$15.66	\$16.45	\$17.28	\$18.15
Network Technician						3
TOTALS	1	2	10	9	14	52

Sources: Labor Contracts and Payroll Records

**PPME UNIT 1 CLERICAL EMPLOYEES
EMPLOYER ARBITRATION EXHIBIT
February 25, 2003**

WAGE PROPOSALS: COUNTY COST

FY03 Wages	\$2,352,600
Step Value	<u>\$ 40,000</u>
1.7%	\$2,392,600

	<u>EMPLOYER :</u> 2.5% plus steps	<u>UNION :</u> 3% plus steps
	\$2,392,600	\$2,392,600
Across-the-board	<u>\$ 59,800</u>	<u>\$ 71,800</u>
FY04 Wages	\$2,452,400	\$2,464,400
Budget Impact (step + A-T-B)	\$99,800	\$111,800
	4.3%	4.8%

Source: Human Resources Department; Payroll Records

Union. In all instances, Union proposed the same 3 % increase and County proposed the same 2.5 %. Employer Exhibit 11 shows the Cost of both Proposals for Unit 1 employees, and the Budget Impacts of each. It follows as p. 14b.

Employer's next four Exhibits compare entry and top-step hourly rates of pay of employees in four of the seventeen job titles identified in Employer Exhibit 6, p. 14a. above, with the same or similar jobs in the eight counties preferred for comparison by the Employer. It was acknowledged that total identity of titles and duties between counties in all instances did not occur. It appears appropriate to summarize their thrust. The Black Hawk County Office Associate entry position pay rate (\$ 9.58) matches that paid in Pottawattomie County, but is less than that paid in all six other counties. The top rate (\$12.25) exceeds that paid in Linn (\$ 11.59) and Pottawattomie (\$ 12.21), but is less than that paid in the other five counties.(E. Ex. 12) The Black Hawk County Office Specialist entry pay rate (\$10.57) exceeds that paid in both Linn (\$9.77) and Pottawattomie (\$10.14), but is less than that paid in the other five counties. (E. Ex. 13) The Black Hawk County Account Specialist entry position pay rate (\$11.10) exceeds that paid in Pottawattomie County (\$11.07), matches that paid in Linn, but is less than that paid in the other five counties. The top rate (\$14.20) exceeds that paid in Linn (\$14.17) Pottawattomie (\$14.16), Dubuque (\$14.01) and Johnson (\$14.19), but is less than that paid in the other three counties. (E. Ex. 14) The Black Hawk County Account Technician entry pay rate (\$10.06) exceeds that paid in Pottawattomie (\$9.58), and Linn (\$9.93), but is less than that paid in the other five counties. The top rate (\$12.87) exceeds that paid in Linn (\$2423) and Pottawattomie (\$12.21) but is less than that paid in the other five counties.(E. Ex. 15).

Employer's Exhibit 16 identified the Allowable Growth in the County's General Basic Funds FY 03 - FY- 04, presented them in order, ranked, first, by size and, second, by new tax capacity. Offered in support of its argument that while Black Hawk ranks fourth by size it ranks ninth when current revenues are considered, it appears below as page 15a.

Employer's Exhibit 17 traces the County's General Basic Fund History from 1997 through 2004. It lists eleven revenue related features as Property Valuations, and Taxes Levied, shows the resulting Annual Increase, Non-Tax Revenues, Total Expenditures, Total Fund Balances, both the Total Fund and Unreserved Fund Balances as Percentages of Expenses of Expenses. Offered in support of its argument that Black Hawk County is confronted with a critical set of circumstances in FY 04, it appears below as page 15b.

Employer Exhibit 18 is a news-clip from the Waterloo Cedar Falls Courier, dated February 6, 2003, detailing circumstances supporting its headline, "Lower tax revenue puts squeeze on Black Hawk County budget," including quotations of a Board Supervisor. The article states: "The Board of Supervisors was long on bickering and short on answers in a contentious 2 1/2 hour budget session . . . It erupted in arguments and shouting matches at several points so bad at one point that Chairwoman Barbara Leestamper called a recess so she and other board members could cool off. Much of the meeting was tied up in rhetoric and speech-making with little progress toward solving the basic problem." The article also supports County's explanation

ER16

IOWA'S TEN LARGEST COUNTIES - ALLOWABLE GROWTH IN GENERAL BASIC FUND, FY03 TO FY04

RANKED BY SIZE

	TAXABLE VALUE FY03	FY04	% incr	\$ incr	GB Fund limit	new tax capacity
Polk	12,258,703,579	12,815,004,066	4.54%	556,300,487	x \$3.50/\$1000 =	\$1,947,052
Linn	6,659,122,189	6,886,848,515	3.42%	227,726,326	x \$3.50/\$1000 =	\$797,042
Scott	5,129,605,579	5,220,437,746	1.77%	90,832,167	x \$3.50/\$1000 =	\$317,913
Black Hawk	3,212,640,990	3,258,281,064	1.42%	45,640,074	x \$3.50/\$1000 =	\$159,740
Johnson	3,676,574,950	3,783,390,243	2.91%	106,815,293	x \$3.50/\$1000 =	\$373,854
Woodbury	2,773,899,311	2,850,387,628	2.76%	76,488,317	x \$3.50/\$1000 =	\$267,709
Dubuque	2,635,736,778	2,713,554,425	2.95%	77,817,647	x \$3.50/\$1000 =	\$272,362
Pottawattamie	2,807,325,438	2,875,999,588	2.45%	68,674,150	x \$3.50/\$1000 =	\$240,360
Story	2,633,456,035	2,742,763,923	4.15%	109,307,888	x \$3.50/\$1000 =	\$382,578
Clinton	1,516,205,252	1,533,139,561	1.12%	16,934,309	x \$3.50/\$1000 =	\$59,270

RANKED BY NEW TAX CAPACITY

	FY03	FY04	% incr	\$ incr	GB Fund limit	new tax capacity
Polk	12,258,703,579	12,815,004,066	4.54%	556,300,487	x \$3.50/\$1000 =	\$1,947,052
Linn	6,659,122,189	6,886,848,515	3.42%	227,726,326	x \$3.50/\$1000 =	\$797,042
Story	2,633,456,035	2,742,763,923	4.15%	109,307,888	x \$3.50/\$1000 =	\$382,578
Johnson	3,676,574,950	3,783,390,243	2.91%	106,815,293	x \$3.50/\$1000 =	\$373,854
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Woodbury	2,773,899,311	2,850,387,628	2.76%	76,488,317	x \$3.50/\$1000 =	\$267,709
Pottawattamie	2,807,325,438	2,875,999,588	2.45%	68,674,150	x \$3.50/\$1000 =	\$240,360
Black Hawk	3,212,640,990	3,258,281,064	1.42%	45,640,074	x \$3.50/\$1000 =	\$159,740
Clinton	1,516,205,252	1,533,139,561	1.12%	16,934,309	x \$3.50/\$1000 =	\$59,270

BLACK HAWK COUNTY GENERAL BASIC FUND HISTORY

The General Basic Fund is the locus of the expenditures and revenues for "general county services", which cover most county departments. A maximum of \$3.50 per \$1,000 of taxable value can be levied in a given fiscal year in this fund.

FY	Col. A PROPERTY VALUATIONS	Col. B LEVIED TAXES	Col. C ANNUAL INCREASE	Col. D TOTAL EXPENDITURES	Col. E NON-TAX REVENUES
1997	2,376,859,993	8,319,010	—	19,602,903	12,927,123
1998	2,463,587,377	8,622,556	303,546	23,571,204	13,253,491
1999	2,690,050,971	9,415,178	792,623	23,553,947	13,278,016
2000	2,764,590,446	9,676,067	260,888	25,192,480	14,480,044
2001	2,998,308,121	10,494,078	818,012	22,809,506	12,409,202
2002	3,066,019,856	10,731,069	236,991	23,934,994	12,288,782
2003	3,212,640,990	11,244,243	513,174	23,635,419	12,123,927
2004	3,258,281,064	11,403,984	159,740	23,071,826	11,667,842

	Col. F	Col. G	Col. H	Col. I	Col. J
	YEAR END FUND BALANCES			UNRESERVED	TOTAL
	UNRESERVED	RESERVED	TOTAL	FUND BALANCE	FUND BALANCE
				AS % OF EXP.	AS % OF EXP.
1997	6,026,762	583,500	6,610,262	30.7%	33.7%
1998	4,331,605	1,783,500	6,115,105	18.4%	25.9%
1999	2,290,390	2,963,962	5,254,352	9.7%	22.3%
2000	1,259,049	1,858,934	3,117,983	5.0%	12.4%
2001	1,359,499	1,862,259	3,221,758	6.0%	14.1%
2002	507,003	1,849,611	2,356,614	2.1%	9.8%
2003	438,765	1,812,454	2,251,219	1.9%	9.5%
2004	438,765	1,812,454	2,251,219	1.9%	9.8%

Note 1: Bolded numbers are estimates. All other numbers are actual.

Note 2: Reserved fund balances include debt rate stabilization funds, reserves for employee payouts, and advanced funds to the Washburn Sewer Fund.

FY2004 Proposed Budget Position Cuts/Changes/Eliminations

Revised 2-18-03

Department	Vacant Positions	Filled Position Changes (0.20) FT Acct Spec w/Aud	Filled position layoffs	Dept total (0.20)	Employee affected
Board/Office					
Auditor		(0.40) FT Conserv to 60% 0.20 FT Acct Spec w/Board	(1.00) FT Office Specialist	(1.20)	Carol Nicholson Janet DeWitt
Auditor					
Sheriff	No information provided yet				
Treasurer			(1.00) FT Office Specialist		Cynthia Wright
Treasurer			(1.00) FT MV Title/Reg Tech		Karen Auguslon
Treasurer			(1.00) FT Account Technician	(3.00)	Connie Frost
Recorder			(1.00) FT Office Associate	(1.00)	Stephanie Wyant
Attorney			(1.00) FT Asst. Attorney		Sharon Hallstoots
Attorney			(1.00) FT Case Administrator	(2.00)	Richard Glenn
Maintenance	(1.00) FT Building Cleaner			(1.00)	
Health Dept	(1.00) FT Clerk Typist II (new)	(0.50) FT new empl to .5			name not given
Health Dept	(1.00) FT Health Officer (new)				
Health Dept	(2.55) 3 PT Home Care Aides				
Health Dept	(0.25) PT RN Temp				
Health Dept	(0.54) 2 PT Health Assistants				
Health Dept	(0.50) PT Health Technician			(6.34)	
Community Serv.			(1.00) FT Intake Officer	(1.00)	Mack Henderson
Conservation	(0.50) PT Clerical	Other staff changes possible.			
Conservation	(0.50) Temp hours			(1.00)	
Youth Shelter			(0.50) PT Residence Couns.	(0.50)	A probationary employee
Country View	(4.00) FT Nursing Assistants		(1.00) FT Food Serv Worker		Linda Polk
	(1.00) FT LPN		(3.00) 6 PT Dev Aides		Finn, Speller, Walker
	(1.00) FT RN				Cameron Bamform Trebon
	(1.00) FT Laundry Worker	(0.50) FT Barber to PT			Rebecca Bjorkland
	(1.00) 2 PT Nursing Assist.	(0.50) FT LPN to PT			Shannon Kammoyer
	(0.50) PT Dev. Aide	(0.10) PT Vol Coord. hours			
	(0.50) PT LPN	(0.10) PT Teacher hours			
	(0.50) PT RN				
	(0.50) PT Social Worker				
	(0.50) PT Food Serv. Worker				
	(0.50) PT Building Cleaner				
	(0.50) FT Mechanic to PT				
Engineer	(0.70) Reduced Temp 1,423 hrs			(16.70)	
TOTALS	(20.04)	(2.10)	(12.50)	(0.70)	
				(34.64)	

15c

of the loss of revenue from its lost ability to rent out jail accommodation and interest on short-term investments. "In fiscal year 1998-99, the Black Hawk County jail brought in about \$936,000 from housing federal, state or out-of-county prisoners. For fiscal year 2001-02, it showed just \$65,000 in that type of revenue. That's because the jail is now full and Black Hawk County is paying to house an additional 20 to 30 prisoners in out of county jails. In fiscal year 1998-99, the county made nearly \$1.4 million in interest income on the investment of county funds. FY fiscal year 2001-02 that had declined to \$893,000. Interest rates have dropped, and county financial reserves have shrunk, in part due to previous Boards of Supervisors using county financial reserves to hold down property taxes. Some county officials likened it to depleting a savings account."

Exhibit 20 is the County's February 18, 2003 revision of County's Proposed Budget Position Cuts/ Changes/ Eliminating, and appears below as page 15c.

Exhibit 21 summarizes the County's Budgetary Problems. It re-states in brief the circumstances explained above and predicates its conclusions upon several propositions presented in bold-face type:

It is estimated that the non-taxable revenue loss facing Black Hawk in FY04 will exceed \$700,000.

The \$700,000 plus the \$160,000 new tax dollars results in nearly \$540,000 fewer dollars available for wages and expenses in FY04.

Black Hawk County now has 2% or approximately \$440,000 left in its unreserved fund balance.

It concludes

Because of the 1.9% FY04 unreserved funds in the General Basic Fund, the County technically cannot claim inability to pay. However, as shown in the history of that fund, few remaining dollars exist that can be used for pay increases.

Current and projected unreserved funds in the General Basic Fund are becoming dangerously low.

Unlike other large counties in Iowa, Black Hawk County's poor growth in taxable revenues only generates approximately \$160,000 in new money for FY04.

Black Hawk County will suffer an estimated loss of \$700,000 in non-taxable General Basic Fund revenues for FY04 due to the poor economy and an overflowing County jail.

In light of this economic dilemma, the County's wage and insurance proposals are the most reasonable because employees will receive pay raises exceeding the cost of living. They will also be able to continue to purchase comprehensive health insurance for very low premiums, with the County still absorbing the far greater share of increasing medical expenses.

Turning to the Employer's Final Offer on Health Insurance, the County introduced Exhibit 23, which shows that only 74 of the 88 members of the bargaining unit are covered: 27 single and 47 family. The co-pay for 27 single employees (\$20 per month) would be \$6,480, and for 47 family (\$50 per month) would be \$28,200, or a total employee contribution of \$36,680.

Employer's Exhibit 24 is a table reflecting the County's uniform treatment of employees in all eight bargaining units, despite some units having different bargaining representation. In FY03 employee co-pays were \$5 single and \$12.50 family in all units; in FY04 its Final Offer proposal is \$20 single and \$50 family in all units..

Exhibit 25 shows the difference of the County Cost in FY04 between the two proposals, using proposed rates of \$316 single and \$785 family, to be \$17,340.

Using information obtained from the human resources departments of each of the Employer's selection of eight counties, a chart was prepared showing a comparison of employee single and family health insurance contributions in FY03. Black Hawk single employee contribution of \$5 was \$20 less than Pottawattamie, matched Linn county single, and was greater than the \$0 contributions in the other five counties. Black Hawk family employee contribution of \$12.50 was less than Pottawattamie (\$100), Scott (\$78.64 and \$115.40), and Polk (\$91.76), matched that in Linn, and was greater than the other three counties (all are \$0).(E. Ex. 26)

The next chart shows Unit 1 monthly Contribution History for the fiscal years 1993 through Union's Final Offer proposals for FY04, for both single and family employees. Single employees made no contributions (0) for fiscal years 1993 through 1997, \$10 contributions the next three years, \$5 contributions during the most recent three years, and proposed a \$20 contribution for FY04. Family employees made no contributions in FY1993 and 1994, \$5 in FY 1995, none (0) in FY1996 and 1997, \$10 in FY 1998 through FY2000, \$12.50 during the most recent three years, and proposed a \$50 contribution for FY04. (E. Ex. 27)

Exhibit 28 is a Breakdown of Employee and County Costs of Health Premiums {represented by the actual costs, as County is self-insured) for the most recent three fiscal years, and comparing the costs through both proposals for FY04. It appears below as page 17a.

Exhibit 29 is six-pages of charts of the Health, Insurance Trust Fund, showing the Claims Census, Administration, and Contributions By Group, for the fiscal years 1997 through 2002. As it comprehends coverage of all persons insured under County's self-insurance plan, it has been reviewed and is a matter of record.

Similarly, the corresponding two-page Exhibit 30 History of Health Insurance Expenditures, Revenues, and Trust Fund Balances has been reviewed and remains a matter of record for the same reason. It is relevant to note, however, that it shows Trust Fund Total Expenditures, which increased in most of the years covered (Actual expenses except for estimates for both FY03 and FY04), do show a two-year decrease between FY94 and FY97, and these figures are:

<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
\$2,726,879	\$2,509,092	\$2,585,035	\$3,050,251

PPME CLERICAL SUPPORT EMPLOYEES - UNIT 1
February 25, 2003

BREAKDOWN OF EMPLOYEE and COUNTY SHARE OF HEALTH PREMIUMS: 7-01-2000 to 6-30-2004

UNION PROPOSAL		COUNTY PROPOSAL		FY03		FY02		FY01		FY00	
FY04		FY03		FY02		FY01		FY00		FY00	
S = \$316.00		S = \$247.00		S = \$225.00		S = \$225.00		S = \$225.00		S = \$201.25	
F = \$785.00		F = \$608.34		F = \$554.18		F = \$554.18		F = \$554.18		F = \$495.00	
Employee	County	Employee	County	Employee	County	Employee	County	Employee	County	Employee	County
\$0.06	\$1.77	\$0.12	\$1.71	\$0.03	\$1.40	\$0.03	\$1.27	\$0.03	\$1.13	\$0.03	\$1.13
\$0.14	\$4.38	\$0.29	\$4.24	\$0.07	\$3.44	\$0.07	\$3.13	\$0.07	\$2.78	\$0.07	\$2.78
per hour		per hour		per hour		per hour		per hour		per hour	
single		single		single		single		single		single	
family		family		family		family		family		family	
per month		per month		per month		per month		per month		per month	
single		single		single		single		single		single	
family		family		family		family		family		family	
per year		per year		per year		per year		per year		per year	
single		single		single		single		single		single	
family		family		family		family		family		family	
\$10.00	\$306.00	\$20.00	\$296.00	\$5.00	\$242.00	\$5.00	\$220.00	\$5.00	\$196.25	\$5.00	\$196.25
\$25.00	\$760.00	\$50.00	\$735.00	\$12.50	\$595.84	\$12.50	\$541.68	\$12.50	\$482.50	\$12.50	\$482.50
per year		per year		per year		per year		per year		per year	
single		single		single		single		single		single	
family		family		family		family		family		family	
\$120.00	\$3,672.00	\$240.00	\$3,552.00	\$60.00	\$2,904.00	\$60.00	\$2,640.00	\$60.00	\$2,355.00	\$60.00	\$2,355.00
\$300.00	\$9,120.00	\$600.00	\$8,820.00	\$150.00	\$7,150.08	\$150.00	\$6,500.16	\$150.00	\$5,790.00	\$150.00	\$5,790.00

Employer Exhibit

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Employer Exhibit 31 is a report on the Trend in costs of medical and dental care, and prescription drugs, based upon actual data compiled by the publisher, Segal Health Plan Cost Survey, offered in support of Employer's cost projections for FY04. Upon review of the standards explained in the report, it appears appropriate to state that it, in fact, does support the County's forecast of substantial increases in health insurance costs, although not necessarily the numbers given in the forecast, which involves the judgment of the forecasters. It remains a matter of record, without reproduction.

Exhibit 32 is a notice from the State of Iowa, received by the County, citing violation of the Iowa Administrative Code section dealing with standards for accrual rates to cover claims, reserves and expenses of self-insurers. County's plan was found underfunded, and corrections were required. Exhibit 33 is the County's response, dated December 18, 2002, advising the State Insurance Division of County's response. "The Board of Supervisors acted to increase the county-paid per employee health insurance rates by 40%, effective January 1, 2003. We estimate that will leave the Health Insurance Trust Fund with a [FY03] fiscal year-ending balance of about \$671,000. We realize that this still does not provide an ideal level of reserves, but we believe that after the rates are in place for all of FY04, the reserve should be satisfactory. With a 15% increase in expenditures in FY04, we estimate the reserve at approximately \$1,237,000." These two exhibits also remain a matter of record, without reproduction.

County's Exhibit 34 is the 24-page report of its consultants, dated November 18, 2002, which was the predicate upon which County's actions and response to the Insurance Division were based. All of these Exhibits, as well as others on these points, were discussed at some length by County's representative and a member of his staff. This exhibits, too, remains a matter of record, without reproduction.

Some of the Employer's Exhibits replicate the information or exhibits by the Union and are omitted. A number have been incorporated into Union's Exhibits, as indicated.

County stoutly contested for the selection of its Final Offers on both Wages (see E. Ex. 22) and Insurance (see E. Ex. 35)

Black Hawk County's 2.5% A-T-B, plus 5% annual step increments, are equivalent to a 3.2% wage increase for the average employee. This increase meets or exceeds the average increase of the County's comparability group.

The CPI inflation rate for the past 12 months has been 2.4%. With the price spikes for heating and fuel during the past month, it is still less than 3.2%.

The County's wage proposal is in line with the bargaining unit's history, given the County's economic problems.

The County's inability to raise taxable revenue to offset the use of not -taxable revenue in the General Basic Fund has forced the County to freeze the wages of its union-exempt employees and to freeze department budgets for FY04. As a result, positions are being eliminated and

employees will be laid off.

The County's proposal is the most reasonable, because Unit 1 employees wages, by law, are paid from the General Basic Fund, which is stressed due to the low growth in taxable revenues and large losses in revenues.

The Employer's proposal on Insurance is the most reasonable, when considering the double-digit insurance inflation during the past collective bargaining agreements and the projected 15%-19% health insurance trends for the coming year.

Although the Employer's Insurance proposal increases the employee's contribution, the Employer's portion is still 94% of the total monthly premium. This position is comparable to other Employers in the County's comparability group.

The Employer's proposal more closely reflects the bargaining unit history of increasing employee contributions during periods of significant increases in the cost of health care.

The Employer's proposal still maintains a comprehensive health insurance program at bargain rates, given the Employer's budget difficulties and its responsibility to the local taxpayers.

III. DECISION AND AWARD

WAGES

As frequently stated by both Parties throughout the hearing, Black Hawk is the fourth largest county in Iowa, when ranked by population. This is important because those represented by the numbers are both taxpayers and patrons to whom the County must provide those services it has the responsibility to deliver, under state law. Wages, the recompense paid those whom the County has selected to perform the tasks and duties County must deliver, should fairly match the value to the County of that performance. The Union, selected by choice of the employees to be their bargaining representative, bears the responsibility to negotiate with the County best to accurately achieve that match of recompense and employee performance. It is the County, alone, however -- totally apart from the Union, but no doubt aided by some services of some employees in the bargaining unit -- the County, which alone holds the authority and bears the responsibility of gathering the where-with-all with which such recompense must be made.

Black Hawk is not only the fourth largest county in population, it has the third highest financial base in both Taxable Valuation and 2000 Actual Retail Sales, and ranks fifth in 2000 Personal Income. (Union Ex. 4, p. 3, above) Mindful of the distinctions drawn between County and Union, County's argument that Black Hawk County rank is somehow lowered because of its record of lower new taxes must be, and is rejected.

Moreover, analysis of County's own Exhibits 16 and 17 confirms the validity of the news-clip comment that "the previous Board of Supervisors [had been] using county financial reserves to hold down property taxes." In addition, it fairly may be concluded from comparisons of the percentile increases shown in the ten counties compared, that the previous Board of Supervisors

also failed proper As stated, the fact that all units whose contracts were open at time of hearing, the ly to administer tax evaluations and rates during the time periods covered. (E. Ex. 16 covers FY03-04), E. Ex. covers the years 1997 through 2004). Thus, while Johnson, Woodbury and Dubuque reported Taxable Valuation Increases approaching 3%, Pottawattamie was 2.45%, Linn exceeded 3%, and both Polk and Story exceeded 4%, the 1.42% increase in Black Hawk was greater only than the 1.12% increase in Clinton. To entertain County's contentions would require attributing all of those evaluation increases over the ten year period in all ten counties to newly taxable property -- i.e., new construction exclusive of re-evaluations. In the absence of sufficient evidence that such, indeed, was the case, we cannot so conclude.

It must also be noted Union proved that Black Hawk County was operating with no Rural Basic Levy and no Rural Service Levy at all. The power and authority to levy taxes is vested solely in the County Board of Supervisors. Neither employees nor the Union share in these attributes. Contracts for FY04 have not been concluded in seven of the ten counties listed by Union, but the three identified provide for 3.5% increases, to which County excepted, some being existing contracts. The fact remains, however, that comparable employees in Scott, Polk and Woodbury will receive 3.5% increases in FY04, which is not out of line with those single unit concluded contracts identified by Union.(U. Ex. 14, pp. 8-9, above)

County's argument that its 2.5% Proposal, augmented by the 5% Step Increases, actually is the equivalent of a 3.2% wage increase and comparable with other counties listed, would be true only for those Unit 1 employees who have not reached the top (i.e., with less than six years' seniority) and only if other counties raises of at least 3% were not similarly supplemented with step increases. Union Ex. 6 shows that 37 Unit 1 employees are in Steps and 51 are at top rate. Union Ex. 12 shows that Scott County employees have 3% Steps at time intervals, and five other employees receive longevity pay, which similarly is an increment to compensation based upon retention in satisfactory service. This argument must be rejected.

The record reflects that seven of its eight units with which it has contracts were open at time of hearing, the last unit to get a 3% increase in FY04. That limited internal comparable also favors the Union.

Comparability factors favor selection of Union's Final Offer Proposals.

Both Parties rightly took pride in the amicable resolution of differences through negotiations demonstrated by their past bargaining history.

Union further demonstrated its cooperative posture with County through its forthcoming participation in 14 interest-based bargaining meeting leading to consummation of a tentative agreement approved by its membership, the Unit 1 employees, PERB provided a mediator who worked with the Parties on January 6, 2003. This mediation resulted in a mediator proposal which, ultimately, was supported by both Parties' bargaining teams. The result was rejected, however, by the Black Hawk County Board of Supervisors. (U. Ex. 2)

Both past and current bargaining history favor selection of the Union's Final Offer on Wages.

The interests and welfare of the public, the ability of the public employer to finance economic adjustments, the effect of such adjustments on the normal standard of services, and the power of the public employer to levy taxes and appropriate funds for the conduct of its operations may be considered together because of the nature and content of the evidence. As stated, the fact that all units whose contracts were open at time of hearing, the

As taxpayers, the public in Black Hawk County has enjoyed several years without either an increase in taxes of record or the levy of additional taxes. Presumably, proceeds of such taxes would go to the general Basic Fund, to be available for Wages, and, as well, for Insurance. Union proved that the County has authority to levy taxes upon two categories of taxpayers, neither of which has ever been utilized. Presumably, such taxes could be levied as much as the full measure of the cap, and, if properly fixed and collected, should yield funds sufficient to meet County's needs...

The present Board of Supervisors had created a plan to husband its limited resources through layoffs and freezes, as the record indicates. The Union has indicated its preference for that course - despite a general aversion to layoffs - rather than retaining all employees to labor with less than appropriate recompense. The burden of delivering services will be heavier upon retained employees during whatever period of time may be necessary to restore funds adequate for all operations and reserves. Presumably their ability to sustain that burden will be enhanced if the Wages sought in Union's Final Offer are paid.

Union's Final Offer on Wages is the most reasonable.

INSURANCE

Both County and Union Final Offers include proposed increases in Insurance co-pays by both single and family-coverage employees. The difference is not whether co-pays should be increased, but how much co-pays should be increased. Unfortunately, much of the force of County's contentions seems better suited to the question not asked.

It may be helpful to recall that the basic concept supporting the concept of insurance is the establishment of a means to minimize the impact of a loss by spreading the risk of loss. The subscriber who suffers a loss is better able to sustain the impact by securing insurance, and the insurer that will compensate for that loss will spread the risk by gathering premiums from many subscribers (not all of whom will suffer losses) and investing and investing premium proceeds in successful ventures yielding substantial returns to its investors.

County's argument relating to the poor economy of the first years of this new century as the primary cause of the anticipated substantially higher premiums is well taken, as well

demonstrated by the sustained diminution of returns on the full range of investments. When the yield on investments decreases, the insurer must draw upon its subscribers for more premiums for funds sufficient to cover the losses of some subscribers.

As a self-insurer, the County's authority to levy and collect taxes is its "investment," which the record reflects, historically, was not used to a measure to accumulate funds adequate to cover its "subscribers' losses," here the covered employees medical care and prescription drug costs.

Mindful of the fact that County is not restricted to General Basic Fund for resources to provide health care insurance, but may supplement its resources from additional methods, such as was done from collecting rents from other governmental authorities for housing their prisoners. That source disappeared, however, when its own inmate population grew to fully occupy its jail. The present stressful budgetary problems developed as that source was not replaced in some way. Failing that, the County now has turned to its "subscriber for higher premiums," i.e., its employees for greater co-pays.

As the question is how much co-pays should be increased? Union Final Offer would increase the single employee's co-pay from \$5 to \$10, and family insured from \$12.50 to \$20. County's Final Offer is to increase the single employee's co-pay from \$5 to \$20, and family insured from \$12.50 to \$50. As the proposals on wages are expressed in percentages, rather than dollars sums, it is preferable to similarly express the dimensions of the alternative increases in percentages, as well. So stated, it appears that the proposed increases to be compared are:

	Increase <u>Single</u>	<u>Family</u> Increase
Union	\$5 to \$10 (by \$5) = 100%	\$12.50 to \$20 (by \$7.50) = 60%
County	\$5 to \$29 (by \$15) = 300%	\$12.50 to \$50 (by \$37.50) = 300%

So expressed, the percentages can best be compared with the increases in Wages. On its face, and despite the disparity of the monetary sums involved, Union's Final Offer appears more reasonable.

A review of the discussion of points considered in evaluating Parties' Final Offers on Wages, and bearing in mind that sources not capped are available here, it is apparent that most of that discussion - excepting specifics pertaining only to wages - is similarly pertinent here, and with the same result. To conclude otherwise would require a purpose to visit the consequences of acts and omissions of the previous Board of Supervisors upon the employees. That, this arbitrator cannot do.

Furthermore, as it was the Board of Supervisors that rejected the Wages and Insurance subjects of Parties' Tentative Agreement, we cannot presume that either Final Offer of the Union was acceptable to the Board. It is a cardinal principle of arbitration that a party cannot be awarded that for which it was unable successfully to negotiate in collective bargaining. This result


alone, squares with the fundamental purpose of Chapter 20, "to encourage representatives of Management and Labor to settle upon the standards of defining features of their relationships voluntarily."

The Union's Final Offer on Insurance is the Most Reasonable.

AWARD

Wages - - The Union's Final Offer is Awarded

Insurance - - The Union's Final Offer is Awarded.



Charles E. Clark, Arbitrator

Dated this 18th day
of March, 2003

CERTIFICATE OF SERVICE

I certify that on the 12th day of March, 20 03, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (_____ personally delivering) Maebury mailing) a copy to them at their respective addresses as shown below:

I further certify that on the _____ day of _____, 20 _____, I will submit this Award for filing by (_____ personally delivering) (_____ mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Charles J. Clark
Charles J. Clark, Arbitrator
(Print Name)

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